Wall Street's "Edifice of Steel."

In the far Black Forest there was once "a hut so shaky that it did not itself know on which side it should fall; and that's why it stood up." The phrasing of old Hans Anderson's nursery tale might almost have been applied to Wall Street's artificial "edifice of prices" at the beginning of the week. But its over-reliance upon common Steel was made evident on Tuesday, when the whole market fell away considerably. However, "proppings from within" have prevented any actual tumbling—how long they will avail to do so is another question. It is said that the recent rise was greatly aided by covering of bear sales in London, but these are thought to be practically completed by now.

As to United States Steel common itself, conservative market opinion inclines to the view that the corporation is over-capitalized, or at any rate that depreciation allowance has latterly been inadequate. Prices around 90 are therefore looked upon, in such quarters, as altogether too high. There are these, too, who think that the steel trade's recent pace industrially has been a trifle too fast. A Pittsburg correspondent of the New York Evening Post sees danger to healthy trade progress in rapidly advancing steel prices. Also, it is pointed out, if the advancing movement progresses imports are certain—which from the trade's own standpoint is scarcely desirable. These are points of which Wall Street took little or no notice during the price uprush.

Market Contrasts Here and in New York.

Despite (or perhaps it should be said on account of) Wall Street's August-September price advances, actual investment demand for securities has been smaller during the past two months than at any time since the serious congestion of 1903. Such is the explanation given by one New York authority for the circumstance that while several very large railroad bond issues were to have been offered for public subscription during September, delay was in each instance decided upon.

In this respect Canadian conditions contrast favourably with those across the line. Recently the investment demand for securities has been perceptibly broadening—augmented materially, without doubt, by British buying. In spite of relatively large issues of new industrial bonds which have been well taken up, the tone has grown firmer throughout almost the entire range of existing Canadian bonds.

Such investment conditions are to be given due weight in considering recent stock market movements generally. To some it may have seemed as though Canadian stock exchanges have lately been altogether too imitative of Wall Street. And the criticism is apparently given the more point on account of Dominion Steel, like United States Steel, having been so prominent in the advance from which reaction came on Tuesday. But this much can certainly be said for the Canadian market position,—that whatever speculative haste or merely inside activity may have been in evidence of late, there is a relatively broader investment basis than exists across the line. Then, too, Canada is not experiencing the same sharp monetary stringency as New York. Nor are the prophets over-optimistic who hold that growth in population, agricultural development and prospective trade expansion make the "longer outlook" brighter in Canada than almost anywhere else. But—and it is never well to overlook the "buts"—too rapid a pace, or an over-multiplication of securities at the present time, must be guarded against.

Steel and Coal.

It was not surprising that Dominion Steel and Dominion Coal issues should have had price reaction on Tuesday—after advances during a few days of 17 points in Coal common and of 10 points in Iron common and preferred respectively. To be sure, the general outlook for the steel trade in Canada is encouraging—even if home demand was less active, present steel prices abroad would make exports profitable. But no one considers trade outlook alone to account for the quick advances of a week or so ago—especially as Coal issues, in spite of "strike" labour conditions, rose even more sharply. Rumours galore there have been to account for the special activity in these stocks,—one being that some bringing together of the two concerns, with possible inclusion of other similar concerns, has been mooted in interested quarters. In a mid-week interview, on his arrival at Sydney from Montreal, Mr. James Ross admitted that at one time and another he had been approached as to his willingness to dispose of his holdings in the Coal Company, but had replied that other coal shareholders must be offered similar terms before he could consider them.

The fact that Toronto demand accounted largely for the week's early activity in Steel common gave strength to the theory that the price advance was accelerated on account of "buying under the rule" in connection with the suspension of Wyatt & Company, who are said to have been short in Steel issues.